



Committee On Finance

Max Baucus, Chairman

NEWS RELEASE

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STATEMENT BY SENATE FINANCE CHAIRMAN
MAX BAUCUS AND RANKING MEMBER CHARLES GRASSLEY

Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Charles E. Grassley (R-Iowa) today released a bipartisan staff proposal on tax shelters.

Today we are releasing a new draft proposal to address the continuing problem of tax shelters. Last Congress, Chairman Roth and Ranking Member Moynihan directed the staff of the Senate Finance Committee to design a legislative response to the growing problem of abusive tax shelters. The Finance Committee staff released a preliminary bipartisan staff proposal on May 24, 2000, and a revised staff draft on October 5, 2000. At the beginning of the 107th Congress, we directed the staff to continue working on a legislative response to the problem of abusive tax shelter transactions. Pursuant to our instructions, the staff has prepared a new draft proposal.

We remain concerned that taxpayers continue to use abusive tax shelter transactions to avoid paying taxes that they properly owe. We are equally concerned, however, that any legislative proposal not be overly broad so as to impede legitimate business transactions. In addition, we recognize that the Treasury Department has been working to develop and refine regulations designed to detect abusive transactions and do not want to interfere with those efforts. In light of these concerns, the new draft proposal has been refocused to emphasize disclosure of potentially abusive transactions by both corporations and individuals and to prescribe meaningful penalties for all participants in tax shelter transactions who fail to comply with the Treasury regulations.

The new draft proposal is intended to enhance the tax shelter regulations implemented by the Treasury Department in February 2000. If, however, future experience with those regulations indicates they are not effective in combating tax shelters, we will consider further action to target abusive transactions.

We welcome comments on today's new draft proposal, and ask that those comments be submitted no later than September 4, 2001. Please direct your comments to John Angell,

Majority Staff Director, and Kolan L. Davis, Republican Staff Director, of the Senate Finance Committee, 219 Dirksen Senate Office Building, Washington, DC 20510.

Attached is a briefing memo which provides further details regarding the new draft proposal. Copies of the new draft proposal, the briefing memo, and this press release will be available in 219 Dirksen and on the Finance Committee website at:

<http://www.senate.gov/~finance/>